

FISCAL IMPACT STATEMENT ON BILL NO. **S.1022, as Amended**

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TO:	The Honorable Leon Howard, Chairman, House Medical, Military, Public and Municipal Affairs Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Bryce Wilson		
DATE:	April 15, 2008	SBD:	2008209

AUTHOR:	Senator Peeler	PRIMARY CODE CITE:	59-110-10
SUBJECT:	SC Critical Needs Nursing Initiative Act		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

This Bill, as amended, would create the South Carolina Critical Needs Nursing Initiative Fund to provide incentives to retain nurse faculty scholars, attract new nurse faculty, and provide loans, scholarships and grants to in-state nursing residents.

EXPLANATION OF IMPACT:

There is a cost associated with various sections of the Bill which are summarized below. These estimates represent full implementation. Cost estimates were developed with assistance from state agencies and the South Carolina Hospital Association. The impact on the General Fund of the State is at the General Assembly's discretion based on funding for the Critical Needs Nursing Initiative Fund.

Section 59-110-20

The Commission on Higher Education estimates cost to administer and implement the provisions of this Bill would be \$94,490. This includes \$2,900 in one time set-up costs for an additional Academic Program Manager for administration.

Section 59-110-40

An estimated \$6 million in recurring funding would be needed to bring nursing faculty salaries within the average for this geographic area. This estimate is based on raising the salary of 400 faculty by an average of \$15,000 each.

Section 59-110-50

An estimated 399 additional nursing faculty will be needed by 2013 based on meeting the needs of the accredited nursing programs and assuming a 20% increase in the graduation rate. However, it is anticipated these additional positions would be phased in gradually. Cost estimates assume 15 new positions in year 1 at a cost of \$1,092,000, 38 new positions (cumulative) in year 2 at a cost of \$2,766,400, 93 new positions (cumulative) in year 3 at a cost of \$6,770,400, and 159 new positions (cumulative) in year 4 at a cost of \$11,575,200. At \$72,800 per position full implementation costs are estimated at approximately \$29 million.

Section 59-110-60

The estimates for this section assume these loans, scholarships and grants would be provided on a one-time basis and would not be renewed for each additional class of students. Based on this assumption there would be no cost for this section in the sixth year of implementation. Total loan, scholarship and grant costs are estimated at \$1,637,500 for year 1; \$1,337,500 for year 2; \$737,500 for year 3; \$437,500 for year 4; and \$125,000 for year 5.

Section 59-110-70

State Budget and Control Board – Office of Research and Statistics

A review of this Bill by the Board indicates there would be a need for an additional statistician with salary and employer contributions in the amount of \$71,500. Annual operating expenses are estimated at \$5,500.

Area Health Education Consortium (AHEC)

A review of this Bill by AHEC indicates the need for an additional 5 FTEs with salary and employer contributions in the amount of \$496,000. Annual operating expenses are estimated at \$211,000 with one time start-up cost estimated at \$75,500.

Section 59-110-80

CHE indicates \$2,000,000 would be needed to purchase technology and training for the two and four year public institutions with nursing programs.

Recapitulation

Full implementation costs are estimated at \$35.9 million. However, this assumes the gradual hiring of additional nursing staff, and that the loans and scholarships detailed in section 59-11-60 would be provided to one cohort of students only.

<u>Impact Summary</u>						
Based on Implementation Scenarios Described Above						
Section	Year 1	Year 2	Year 3	Year 4	Year 5	Fully Implemented
59-110-20	\$94,490	\$91,590	\$91,590	\$91,590	\$91,590	\$91,590
59-110-40	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000
59-110-50	\$1,092,000	\$2,766,400	\$6,770,400	\$11,575,200	\$20,311,200	\$29,047,200
59-110-60	\$1,637,500	\$1,337,500	\$737,500	\$437,500	\$125,000	\$0
59-110-70	\$859,500	\$784,000	\$784,000	\$784,000	\$784,000	\$784,000
59-110-80	\$2,000,000	\$0	\$0	\$0	\$0	\$0
Total	\$11,683,490	\$10,979,490	\$14,383,490	\$18,888,290	\$27,311,790	\$35,922,790

Approved by:



Harry Bell
Assistant Director, Office of State Budget